



Agriculturally-based Cottage Industries: Small Farms & Direct Marketing

**Legislative Committee on Economic
Development**

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The New American Farmer

- Diversify crops.
- Direct market products.
- Value-add those products.
- Build relationships with their communities.
- Reflect the foundation of agriculture in the US.
- Operating ag-based cottage industries.



Economic Viability for Small Farms: Direct Marketing

- **Direct Marketing:** *Any time a farmer sells his or her own product without the use of a broker or wholesaler.*
 - Farmers Markets
 - Community Supported Agriculture (subscription programs)
 - Agri-tourism: u-pick, farm tours, on-farm retail sites
 - Internet sales
 - Restaurants
 - Schools, hospitals, correctional centers
 - Grocery stores and other retail outlets
- **2002 Ag Census: WA state direct sales = \$35 million**

Economic Viability for Small Farms: Value-Added Processing

A basic definition:

Refining; Mixing; Bunching; Packaging; Drying or Processing
raw agricultural product in order to sell it at a higher price
and/or differentiate it in the marketplace.

Examples:

- Processed foods: Jams, salsa, pies, frozen berries.
- Processed meats: cuts, sausage, smoked ham
- Product labeling to identify production practices, or place of production. i.e. *Organic*, or *Puget Sound Fresh*


Why are these activities good for farms?

- Provide farms with a higher price for their products.
- Greater control over their products= higher quality.
- Increased ability to respond to market trends.
- Processing extends the time that a product is marketable.
- Expanded employment opportunities for seasonal employees.
- Meet the needs of a market demanding ready-to-eat products.
- Greater stability: externally controlled markets and processing leave farm business vulnerable.
- Provides self-determination.

Why are these activities good for rural communities?

- Provides for broad-based economic development.
- Provides communities with safe and nutritious foods.
- Creates an opportunity to establish collective “identity” for communities.

Critical Issues and Needs

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- Expand the availability of processing infrastructure.
 - Examine regulatory framework governing direct sales.
 - Develop performance-based standards for safe food processing.
 - Establish revolving loan funds, low-interest financing, and start-up grants to drive innovation.
 - Make affordable insurance policies available.
 - State/local agencies need to operate in a more holistic manner.

Areas of greatest growth potential:



Value-added Livestock Production: Meat and Dairy

Livestock Processing Facilities: A Case Study



First WSDA licensed Mobile Poultry Processing Unit

- Funded by WSDA Small Farm Direct Marketing Grant
- MPU=\$20,000
- On-farm costs to set-up approved water source and electricity=\$7,000 per farm

Areas of greatest growth potential:



Farmers Markets

Case study:

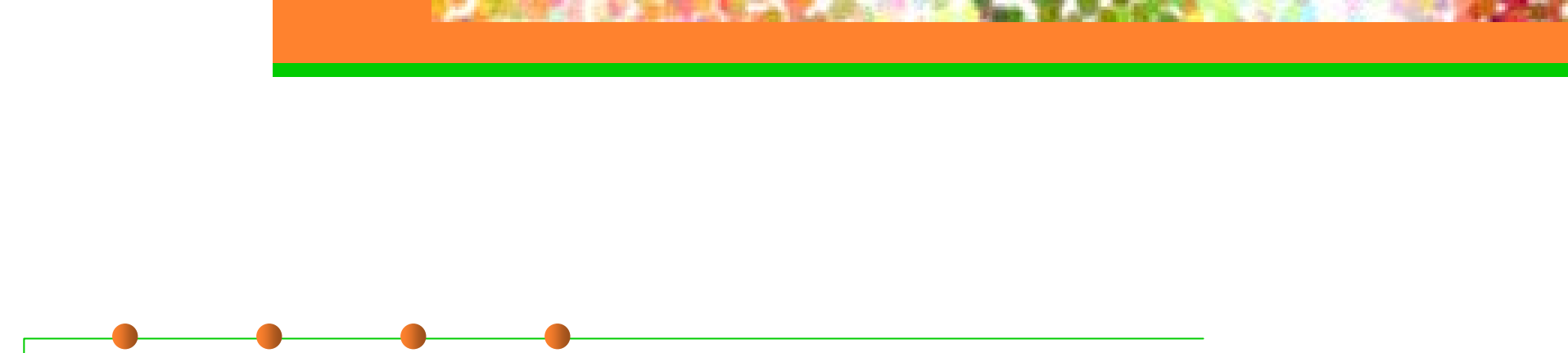
Magnolia Farmers Market, Seattle WA

- Started in 2003.
- Return On Investment of 6.5 : 1



- Small Business incubators.
- Fresh, nutrient rich foods.
- Community pride.





" Some farmers are leading the way on their own farms by changing the technologies they use. For many it is a matter of economic survival. They know that the predominate technology base is designed to eliminate farmers. Whether they intend to or not, these pioneers are doing us all a service"

-Marty Strange

Family Farming: A New Economic Vision 1988